

Message Text

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51

ACTION EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 IO-15 ISO-00 NEA-10

OMB-01 TAR-02 SPC-03 AGR-20 AID-20 CIAE-00 COME-00

INR-10 LAB-06 NSAE-00 OIC-04 RSC-01 SIL-01 STR-08

TRSE-00 CIEP-02 CEA-02 L-03 NSC-10 DRC-01 /193 W

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P R 120950Z OCT 73

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 2037

INFO AMEMBASSY BANGKOK

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PORT LOUIS

AMEMBASSY PRETORIA

AMEMBASSY SANTO DOMINGO

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O.11652 NA

TAGS ETRD UNCTAD

SUBJ SUGAR CONFERENCE: FAILURE APPEARS IMMINENT

REF GENEVA 5338

SUMMARY: TWO MAJOR PARTICIPANTS, CANADA AND CUBA, HAVE NOT
ACCEPTED CHAIRMAN JONES-PARRY'S PACKAGE AS BASIS FOR NEGOTIATION,
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AND VIRTUALLY NO PROGRESS HAS BEEN MADE. WHILE LAST MINUTE

CONSULTATIONS IN SEARCH OF MIRACLE ARE UNDERWAY, THERE APPEARS TO BE ALMOST NO HOPE THAT CONFERENCE CAN SALVAGE MORE THAN ADMINISTRATIVE AGREEMENT INTENDED KEEP INTERNATIONAL SUGAR ORGANIZATION ALIVE. IN MEETINGS OCTOBER 9-11, CHAIRMAN MADE EFFORT ISOLATE EITHER CANADA OR CUBA (BUT PARTICULARLY FORMER) SO THAT CONFERENCE COULD STEAMROLLER LAST REMAINING OBSTACLE TO COMPROMISE SOLUTIONS. STRATEGY FAILED, SINCE NEITHER CANADA NOR CUBA WOULD BUDGE ON PRICE, AND CUBANS WOULD NOT CONCEDE ON PURCHASE COMMITMENT. SOMEWHAT SURPRISINGLY, JAPAN STUCK WITH CANADA ON ALMOST EVERY ISSUE AND MAY SHARE OPPROBRIUM FOR FAILURE, OF WHICH CANADA SEEMS LIKELY TO GAIN LION'S SHARE. EC IS THUS LARGELY OFF THE HOOK. END SUMMARY.

1. AFTER SEVERAL DAYS OF DISCUSSION OF PACKAGE SUBMITTED BY CHAIRMAN AND SECOND CANADIAN-JAPANESE DRAFT, IT BECAME CLEAR THAT WHILE SOME IMPORTERS AND ALL EXPORTERS WERE WILLING TO NEGOTIATE ON BASIS CHAIRMAN'S PAPER, CANADA AND JAPAN, JOINED BY SOME SMALL IMPORTERS, DUG IN THEIR HEELS AND REFUSED. AFTER MORE DISCUSSIONS AMONG CONFERENCE "ELEPHANTS", NO REAL PROGRESS WAS MADE. CHAIRMAN THEREFORE DISSOLVED ECONCOM AND APPOINTED SMALL "STEERING COMMITTEE" INCLUDING USDEL, TO TRY TO ISOLATE MAJOR HOLDOUTS. COMMITTEE BEGAN BY REPLACING OLD GROUND, FORMERLY UNDER AEGIS OF ECONCOM'S FOUR WORKING GROUPS. ONCE AGAIN, NO PROGRESS WAS MADE ON EVEN marginally important issues.

2. CHAIRMAN OCTOBER 10 ISSUED HIS FINAL PROPOSALS ON QUOTAS, WHICH PROVIDED ONLY MINOR CHANGE FROM EARLIER PAPER. BRAZIL QUOTA WAS INCREASED TO 1,625,000 METRIC TONS, AND AT MEETING OF EXCOM OCTOBER 11, BRAZIL DEL SAID INCREASED QUOTA ACCEPTABLE. MAJOR "AGGRIEVED PARTIES" AT SAME MEETING WERE ARGENTINA, INDIA, PHILIPPINES, NICARAGUA, VENEZUELA, MAURITIUS, AND ROMANIA WHO HAD ASKED AND BEEN DENIED INCREASES. MEETING WAS, OF COURSE, HELD IN ATMOSPHERE OF UNREALITY, SINCE VIRTUALLY ALL PARTICIPANTS REALIZED THAT PROPOSED QUOTAS ARE ALMOST UNDOUBTEDLY MEANINGLESS AT THIS POINT.

3. PERHAPS CONFERENCE'S ONLY BRIGHT SPOT HAS BEEN WORK ACCOMPLISHED BY ADMIN COMMITTEE. ALL ARTICLES FOR WHICH IT RESPONSIBLE, EXCEPT THOSE DEPENDING ON OUTCOME OF ECONOMIC PROVISIONS AND ANNEX B, HAVE BEEN FINISHED TO SATISFACTION OF LIMITED OFFICIAL USE

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COMMITTEE AND SMALL DRAFTING GROUP. SUBSTANCE OF U.S. AMENDMENTS TO FINAL PROVISIONS HAVE BEEN INCORPORATED IN ARTICLES WHICH NOW HAVE ONLY TO BE REVIEWED AND FINALLY APPROVED BY STEERING COMMITTEE AND PLENARY, AND WHICH MAY IN FACT FORM BASIS FOR MINI-AGREEMENT.

4. EXCOM MEETINGS SCHEDULED FOR OCTOBER 12 WILL VERY LIKELY SEAL FATE OF CONFERENCE. BASSIN

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